29-Oct-2026

Monro, Inc. (MNRO)

Q2 2027 Earnings Call

Copyright © 2001-2026 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Felix Veksler
Vice President-Investor Relations, Monro, Inc.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

OTHER PARTICIPANTS

Thomas Wendler
Analyst, Stephens, Inc.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.

David Lantz
Analyst, Wells Fargo Securities LLC

Bret Jordan
Analyst, Jefferies LLC

John Healy
Analyst, Northcoast Research Partners LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to Monro, Inc.'s Earnings Conference Call for the Second Quarter of Fiscal 2027. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions] As a reminder, this conference call is being recorded and may not be reproduced in whole or in part without permission from the company.

I would now like to introduce Felix Veksler, Vice President of Investor Relations at Monro. Please go ahead.

Felix Veksler

Vice President-Investor Relations, Monro, Inc.

Hello, everyone, and thank you for joining us on this morning's call. Before we get started, please note that as part of this call, we will be referencing a presentation that is available on the Investors section of our website at corporate.monro.com/investors.

If I could draw your attention to the Safe Harbor statement on slide 2, I'd like to remind participants that our presentation includes some forward-looking statements about Monro's future performance. Actual results may differ materially from those suggested by our comments today. The most significant factors that could affect future results are outlined in Monro's filings with the SEC and in our earnings release. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Additionally, on today's call, management's statements include a discussion of certain non-GAAP financial measures, which are intended to supplement and not be substitutes for comparable GAAP measures.

Copyright © 2001-2026 FactSet CallStreet, LLC

Reconciliations of such supplemental information to the comparable GAAP measures are included as part of today's presentation and in our earnings release.

With that, I'd like to turn the call over to Monro's President and Chief Executive Officer, Peter Fitzsimmons.

Peter D. Fitzsimmons

President, Chief Executive Officer & Director, Monro, Inc.

Thank you, Felix; and thanks to everyone for joining us. Great to be with you today. I want to start by saying that while our fiscal second quarter presented some real headwinds, I remain genuinely encouraged by the progress our team continues to make in executing against our performance improvement plan. The environment we're operating in is not without its challenges. Consumer spending pressures, category softness, and a dynamic macroeconomic backdrop have all created friction. But what I hope comes through clearly this morning is that the work we are doing at Monro is deliberate, it is gaining traction, and it is positioning us well for the road ahead.

This morning, I'd like to update you on our progress and the momentum we've continued to build despite a challenging fiscal second quarter. Since we completed our store closure program over a year ago, my comments today will focus on the three remaining key performance improvement initiatives you're already familiar with which are: driving profitable customer acquisition and activation; improving our store-based customer experience and selling effectiveness; and increasing merchandising productivity, including mitigating the impacts of trade and supply disruptions. After that, I'll briefly touch upon our fiscal second quarter results as we continue to implement our performance improvement plan to enhance Monro's operations, drive profitability, and increase total shareholder returns.

Let's start with driving customer acquisition and activation on slide 3. Many of you have heard us talk about marketing optimization over the last several quarters. And I'm pleased to report that this work continues to yield tangible results, even in a difficult demand environment.

During the second quarter, we continued to refine our digital marketing and leveraged the strength of our CRM platform through targeted promotional investments designed to address specific opportunities in both our brakes and oil categories. Importantly, the increased precision of our marketing execution also resulted in a year over year reduction in our cost per lead during the quarter. That combination, better outcomes at a lower cost, is exactly the kind of marketing efficiency we've been working to build.

On the oil side, specifically, we have been testing two promotional approaches: One combines transparent everyday pricing with additional promotional offers; while the other emphasizes compelling percentage and dollar off discounts without displaying the underlying price. We believe that these promotional offerings helped us to support the improvement in store traffic we saw in September relative to July and August.

We've also seen a significant increase in the average repair order for oil change visits scheduled through both our customer call center and our online appointment system, which speaks to the quality of the customer engagement these channels are generating. When you factor in service attachments, the average ticket size of these transactions grows to roughly 2 to 3 times the dollar value of an oil change by itself. That's a compelling illustration of how a well-executed traffic-driving strategy can translate into broader revenue opportunity.

And beyond the transaction level data, we're also seeing improvement in customer call volume in certain pockets of the country; another encouraging sign that our marketing programs are resonating. We will continue to direct our marketing spend into the areas with the highest-potential return on investment. And we remain confident that

Copyright © 2001-2026 FactSet CallStreet, LLC

this disciplined, data-driven approach will continue to strengthen our customer acquisition and activation efforts going forward.

Now, let's discuss the things we are doing to improve the customer experience and selling effectiveness in our stores. You have also heard us talk about the rollout of our enhanced District Manager Toolkit over the last several quarters. And I want to take a moment to share some of the meaningful progress we've made in this area. I believe it represents one of the most important structural improvements that we are making to how we operate at the store level. As a reminder, this is a metrics-driven toolkit specifically designed to help us identify and address suboptimal operating performance, with the goal of improving store profitability at the local level.

I would add, the data alone doesn't drive results. The difference comes from using it to coach and train effectively at every level, from store managers and assistant store managers to skilled technicians. We previously indicated that we have rolled this out to approximately 340 store locations. And we are encouraged by the early results we've seen in a subset of those stores, where we've already observed a meaningful improvement in just the past several months.

As an example, 146 of the stores that have received DM Toolkit and coaching support achieved mid-single-digit growth in sales with a bottom line improvement of more than 20% year-over-year in the second quarter. This early traction gives us real confidence in the toolkit's ability to drive change at scale. During the second quarter, we took an important step to further accelerate that progress by establishing a dedicated operating efficiency team. This team was created specifically to leverage and scale the toolkit's capabilities more broadly and more rapidly across our network.

As part of this effort, three of our most talented and experienced field leaders have stepped into coaching and training roles, working directly with store teams in the areas of the country, where the opportunity for improvement is greatest. Their presence in the field is already making a difference. And we expect their impact to compound as their work takes hold.

I'm pleased to report that we have now rolled the District Manager Toolkit out to a majority of our store locations. This is a significant milestone. With many stores now operating with access to this tool, we have a consistent, data-informed foundation from which to drive continued profitability improvements across the entire chain. And we intend to build on that foundation with urgency and focus in the quarters ahead.

Now, let's turn to merchandising, including mitigating the impact of trade and supply disruptions. After successfully completing an update in our tire assortment, our merchandising team has shifted their focus to working closely with our parts suppliers to ensure that our stores are stocking the right products at the best price to meet the needs of our customers.

More specifically, we currently have an initiative underway aimed at improving the overall quality of our brake assortment in many of our store locations. Continuing to work as a strong partner with our existing core vendors, while at the same time, identifying new vendors that can help us meet customer needs is key to helping us drive improved sales as well as better margins.

On the category performance front, I'm pleased to report that we saw year-over-year comparable store sales growth in both batteries and maintenance services during the second quarter. While sales comps in our brake category were down in the quarter, we leaned in with targeted promotional activity that enabled us to drive unit growth in this high-margin service category, which we view as an important indicator of underlying demand that we can continue to build on as our assortment improvements take hold.

Copyright © 2001-2026 FactSet CallStreet, LLC

Our ConfiDrive inspection tool continues to play a meaningful role here as well, helping our store teams better educate customers on their vehicle needs and creating natural opportunities to connect customers with the services that matter most to their safety and their vehicle's performance. And for the second consecutive quarter, the combination of improvements to our in-store stocking programs and our front-of-shop presentation drove 8% growth in our battery comps. This kind of consistent, repeatable performance in a specific category is a direct reflection of disciplined execution at the store level. And it gives us a useful model to apply more broadly.

As it relates to product access, our supply has been largely uninterrupted by the extended geopolitical tensions in the Middle East, at least so far. While the availability of oil has impacted some players in our industry, we have continued to receive the supply necessary to meet the needs of our customers. With that said, the costs for oil have definitely risen in the current environment. We continue to partner with our vendors to understand and manage costs in what continues to be a dynamic environment. We expect to continue to strike the right balance between potential pricing adjustments to protect gross margins, while also remaining competitive and delivering value to our customers.

Now, let me briefly touch on our fiscal second quarter results, which Brian will cover in more specific detail in just a few moments. Turning to slide 4 of our presentation materials, our second quarter comparable store sales declined 1.8%. This reflects an operating environment, which continued to challenge the full-service auto aftermarket during the quarter. Our comp store sales decline was driven by lower store traffic, consumers that continued to defer higher-ticket spending decisions and traded down to lower-cost alternatives in tires and our use of self-funded promotions to drive unit growth in our brake category.

The effectiveness of our ConfiDrive courtesy inspection process continued to demonstrate its value in a meaningful way. ConfiDrive helped us drive average repair order growth during the quarter. And it was a key contributor to the comparable store sales gains we saw in batteries and maintenance services. These results reinforce that Monro's full-service model is a genuine competitive advantage and that when we execute it well, customers respond. The ability to identify a customer's vehicle needs in real time, communicate them clearly, and address them with quality and care is what distinguishes a full-service provider. And our results in these categories reflect that.

As it relates to the use of the District Manager Toolkit and the improved coaching and training it enables, the infrastructure we have put in place to drive consistent data-informed performance at the store level is real. And we expect its impact to become increasingly visible in our results as the work matures.

Finally, we have maintained our marketing investment during the quarter, even as sales fell short of where we wanted them to be. This was a conscious, strategic choice. We believe that pulling back on marketing in a challenging demand environment would be short-sighted and that the customer acquisition and activation momentum we are building is too important to our long-term growth objectives to sacrifice for near-term cost relief. The improvement in store traffic we saw in September and the growth in average repair order for appointments booked through our online and call center channels all validate that our marketing investments are working, and we intend to keep building on that foundation.

Finally, our preliminary October comp store sales are flat, which demonstrates the resiliency of our business in a challenging environment. The initiatives we have described this morning, our marketing optimization, our store-level operational improvements, and our merchandising work are designed to strengthen our competitive position through cycles like this one. We are not standing still. We are building, and we are building with purpose. And we

Copyright © 2001-2026 FactSet CallStreet, LLC

remain confident that the foundation we are laying today will translate into improved performance as conditions normalize.

This morning, we also announced the completion of a refinancing of our business. And I want to take a moment to speak to what that means for Monro and for our shareholders. We are genuinely pleased to have secured the support of a financing partner who understands and believes in this business, in the strength of our model, and in what our talented team has the ability to accomplish over the next four years. In an environment like this one, having a committed, long-term financing partner is not something we take for granted. And we are grateful for the confidence they have placed in us.

That said, I want to be equally clear about what this refinancing does not represent. It does not mark the conclusion of our strategic alternatives review process. Our board remains fully engaged in that work and continues to collaborate diligently with its independent financial and legal advisors to consider and evaluate a full range of potential opportunities. That includes, but is not limited to, asset sales, strategic acquisitions, and operational improvements or a sale of the company. Every option remains on the table, and the board is approaching this process with the seriousness and rigor that our shareholders deserve.

What I can tell you is that while this important work continues in the background, our management team remains squarely focused on what we can control, delivering service excellence to our customers every day and executing against the performance improvement initiatives you've heard about this morning.

I would also reiterate that there is no deadline or definitive timeline established for the completion of the strategic review. And there can be no assurance that the process will result in any particular transaction or other strategic outcome. Given that, we do not intend to make further public comments on the process, unless and until we determine that additional disclosure is appropriate or required.

Before I hand the call over to Brian, I'd like to use this as an opportunity to once again thank all of our teammates for their commitment to meeting the service needs of our customers in the communities where we operate and for their continued dedication to achieving our business objectives. Keeping consumers' vehicles safe across our network of more than 1,100 stores in 32 states is a job that requires skill and dedication all day, every day. We are grateful to have more than 6,200 talented teammates in our shops and at our store support center.

And with that, I'll turn it over to Brian, who will provide an overview of Monro's second quarter performance, financial position and additional color regarding the remainder of fiscal 2027. Brian?

Brian J. D'Ambrosia

Executive Vice President and Chief Financial Officer, Monro, Inc.

Thank you, Peter; and good morning, everyone. Turning to slide 5. Sales decreased 1.8% to $283.6 million in the second quarter, which was entirely driven by a 1.8% decline in comparable store sales from continuing store locations. For reference, comp sales were down 1% in July, down 3% in August, and we exited the quarter flat in September.

While our tire category sales were down 4%, we were able to hold our tire unit volume flat in the quarter. Gross margin decreased 50 basis points compared to the prior year. This primarily resulted from higher occupancy costs as a percentage of sales, which were partially offset by lower material costs as a percentage of sales.

Total operating expenses were $97.4 million or 34.3% of sales as compared to $90.4 million or 31.3% of sales in the prior year period. The increase was primarily driven by a $6.1 million increase in store closing costs; net of

Copyright © 2001-2026 FactSet CallStreet, LLC

gains and losses on sales of closed stores; $3.4 million of higher costs at continuing locations, primarily front-shop labor; $3.2 million of higher marketing costs to support our top line; $1.7 million of higher litigation reserve costs; and $0.3 million of higher costs related to shareholder matters.

These were partially offset by $7.1 million of lower costs incurred in connection with consultants related to our operational improvement plan, $0.4 million of lower transition costs related to our back-office optimization, and $0.2 million of lower costs from the closure of 145 underperforming stores in the first quarter of fiscal 2026.

Operating income for the second quarter was $2.6 million or 0.9% of sales. This is compared to operating income of $12.8 million or 4.4% of sales in the prior-year period. Adjusted operating income, a non-GAAP measure, for the second quarter was $4.4 million, or 1.6% of sales as compared to adjusted operating income of $14 million or 4.8% of sales in the prior-year period.

Net interest expense increased to $4.7 million as compared to $4.4 million in the same period last year. This was principally due to higher weighted average debt. Income tax benefit was $0.3 million or an effective tax rate of 17%, which is compared to an income tax expense of $2.8 million, or an effective tax rate of 32.9% in the prior-year period. The year-over-year difference in effective tax rate is primarily due to the impact of discrete tax expense related to share-based awards and other adjustments, none of which are individually significant.

Net loss was $1.6 million as compared to net income of $5.7 million in the same period last year. Diluted loss per share was $0.05. This is compared to diluted earnings per share of $0.18 for the same period last year. Adjusted diluted loss per share, a non-GAAP measure, was $0.01. This is compared to adjusted diluted earnings per share of $0.21 in the second quarter of fiscal 2026.

Please refer to our reconciliation of adjusted operating income, adjusted net loss and income, and adjusted diluted loss and earnings per share in this morning's earnings press release and on slides 9, 10 and 11 in the appendix to our earnings presentation for further details regarding excluded items in the second quarter of both fiscal years.

Turning to slide 6. We generated $4 million of cash from operations during the first half of fiscal 2027. We invested $13 million in capital expenditures, paid $19 million in principal payments for financing leases, and distributed $18 million in dividends. As it relates to our closed store real estate dispositions, we have continued our process to exit the real estate at these locations.

During the second quarter, we successfully exited a total of nine leases and sold three owned locations, which resulted in proceeds of $3 million. This brings us to a total of 15 leases exited and 7 locations sold, resulting in cumulative proceeds of $6 million fiscal year-to-date. This leaves us with a remaining balance of 25 stores that have the potential to be monetized during the next several quarters.

As Peter mentioned, on October 23, we entered into a new four-year credit agreement with Ares Capital Corporation, providing for $375 million in senior secured credit facilities consisting of a $250 million term loan facility and a $125 million revolving credit facility, both maturing on October 23, 2030, with fees commensurate with a private lending facility.

The new credit facilities are secured by substantially all of the assets of Monro and its subsidiaries. The new credit facilities replace our prior credit facility that has been in place since April 2019, which was repaid upon the closing of the new credit facilities. The term loan and revolving loan facilities bear interest at floating rates. The credit agreement for the new credit facilities includes customary affirmative and negative covenants, including

Copyright © 2001-2026 FactSet CallStreet, LLC

financial maintenance covenants, certain prepayment requirements, and restrictions on the amount of dividend payments subject to compliance with certain financial metric requirements.

In connection with the closing, we substantially paid down our obligations under our supply chain financing program and will no longer accept new supplier obligations into that program after December 31 of 2026. As of October 24, 2026, we had approximately $27 million of cash and equivalents and $60 million available under the new credit facilities.

Now, turning to our expectations for the full year of fiscal 2027 on slide 7. While we will continue to drive our performance improvement initiatives, we now expect to deliver year-over-year comparable store sales that are flat to slightly down in fiscal 2027, given continued macro pressures on the consumer. As a reminder, the results of our store optimization plan reduced total sales by $9 million in the first quarter of fiscal 2027. Gross margin for the full year of fiscal 2027 will largely depend on where comparable store sales land but we would expect to be consistent to down slightly versus fiscal 2026.

We expect higher selling, general, and administrative expenses as we invest in additional marketing to support our top line. We expect that net interest expense will be between $28 million to $32 million due to higher interest and fees associated with the new credit facilities and higher debt levels under the new credit facilities related to the substantial paydown of obligations under our supply chain finance program. Regarding our capital expenditures, we expect to spend $25 million to $35 million.

And with that, I will now turn the call back over to Peter for some closing remarks.

Peter D. Fitzsimmons

President, Chief Executive Officer & Director, Monro, Inc.

Thanks, Brian. As we've indicated on earlier earnings calls, we remain confident that through our national retail network, economies of scale, and durable business model, we can provide our customers with the services they need and generate meaningful value for our shareholders. We also believe that the steady improvements our marketing, store performance, and merchandising initiatives are driving will make Monro the preferred national full-service provider in the automotive aftermarket.

With that, I will now turn it over to the operator for questions, but we would ask that you keep today's questions focused on the financial results we shared today.

Copyright © 2001-2026 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. Please limit yourself to one question and one or two follow-ups. [Operator Instructions] Your first question comes from the line of Thomas Wendler with Stephens. Your line is open. Please go ahead.

Thomas Wendler
Analyst, Stephens, Inc.

Q

Hey. Good morning, everyone.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

Hi, Tom.

Thomas Wendler
Analyst, Stephens, Inc.

Q

Hey. I wanted to kick things off, maybe just with the increase in oil prices that you guys were seeing. Can you give us an idea of how much of that 3% growth in service was driven by the increased oil prices?

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

I can't give you an exact number there. I can tell you that the increased cost has led us to increase price to our customers, where appropriate, and giving consideration to being competitive in different markets across the country. And also that we have been aggressive in the quarter that just ended and continuing with our promotions, which will affect revenue. Because what we're really trying to do with oil is drive incremental traffic, not just transfer the increased cost of oil to our customer.

And as we mentioned on the call, as it relates to oil and what it can do for us, in addition to the actual oil business, we get attachments that are 2 to 3 times what the oil price is. So, we're willing to be a bit more flexible about what oil pricing is in order to get attachments in long-term customer growth.

Thomas Wendler
Analyst, Stephens, Inc.

Q

That's great color. Thank you. And then, maybe just sticking with the customer growth discussion. You guys had flat units on tires this quarter, but there's been a lot of discussion on people trading down from sets of four to sets of two or even one tire. Are you guys seeing more tire customers right now but maybe less tires per customer or have those headwinds kind of abated a bit?

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

I think we're seeing, in the second quarter, about the same number of customers. It's just that the ticket and the tier of tire has changed with the number of tires, as you suggested, in slight decline; not huge, but slight and enough to affect revenue, and the trade down has continued. Having said that, in September and October, we saw some improvement in comp store sales and we saw some improvement in the tires that are being purchased.

Copyright © 2001-2026 FactSet CallStreet, LLC

So, the pressure in the second quarter is very similar to what we experienced in the first quarter with some encouragement recently, September included, to a transition to a better mix of tires.

Thomas Wendler
Analyst, Stephens, Inc.
Q

Perfect. I appreciate all the color, guys.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.
A

Thanks, Tom.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.
A

Thank you.

Operator: Your next question comes from the line of Brian Nagel with Oppenheimer. Your line is open. Please go ahead.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

Hey, guys. Good morning.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.
A

Hi, Brian.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.
A

Hey, Brian.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

So, first question I want to ask, we talked for a while now, but just the macro pressures out there and the impacts those pressures are having upon your business particularly sales and recognizing you operate in a very fragmented space. But if you're looking at your business now, and the data you have, and [ph] were there (00:31:04) intelligence, are you losing or gaining market share? I mean, do you see any type of market share shift there and either broadly or kind of on a local market by market basis?

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.
A

As you pointed out, as a full-service aftermarket provider that sells both tires and services, we compete against a lot of different locations and stores, running from discount tire to mainly parts to a local service. It's very hard to measure market share in all of the things that we offer. Where it's easier to measure market share would be in tires.

Copyright © 2001-2026 FactSet CallStreet, LLC

And in tires, we continue to believe that in the second quarter, we held our own in the industry and that we performed pretty well at both the first tier and fourth tier. You've heard us talk a bit about barbelling. That continued in the second quarter. So, I think as it relates to tires specifically, we've held our own in the current market.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.

Q

Okay. That's helpful. Then, my follow-up question, the sales trajectory in the quarter, and then, I guess, a year into the next fiscal quarter as well. I mean, so improved, right. You got to flat. Is it easing macro pressures, or is that more internal initiatives taking hold here?

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

I think it's our internal initiatives that has driven our performance in the last couple of months. As we've said, in order to drive long-term growth in traffic, you need to support your business with marketing, and we continued that. I absolutely know that, that's driving better performance. I think that we saw some improvements in service. We continue to see improvements there. And I can tell you for sure that as we were last year, we are well-stocked in tires for winter when winter comes. The one thing in this business it's hard to forecast is when it gets cold and when those tires move.

So, I think that our positioning in merchandise assortment and our support for all of that in marketing, and finally, the things that we're able to do with our District Manager Toolkit to have the stores be prepared for serving the guest, suggests that independent of what's going on in the macro environment, we can continue to improve our business.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.

Q

That's helpful. I appreciate it.

Operator: Your next question comes from the line of David Lantz with Wells Fargo. Your line is open. Please go ahead.

David Lantz
Analyst, Wells Fargo Securities LLC

Q

Hey, good morning, guys, and thanks for taking my questions.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

Hi, David.

David Lantz
Analyst, Wells Fargo Securities LLC

Q

I was curious if you could just size the gross margin buckets in the quarter across – in materials and technician labor? And in light of the updated expectations for 2027, curious if you could just talk about your expectations for the second half glide path from here for gross margins?

Copyright © 2001-2026 FactSet CallStreet, LLC

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.
A

Yeah, absolutely. So, when we look at the gross margins for the quarter, they were down 50 basis points to prior year. That was driven by 80 basis points of deleverage and occupancy costs, partially offset by 30 basis points of material cost decreases as a percentage of sales. Technician labor was flat compared to the prior-year quarter. As we look forward, we called our gross margin percentage to be flat to slightly down. That's in line with the change in the outlook for sales.

So, really, the only thing that's changed there is that deleverage on the occupancy costs in the current quarter. And then, on a slightly overall lower sales number for the full year, we would see some incremental deleverage on occupancy costs. That's the only change from our outlook from last quarter. We don't see any change in our variable margins as it relates to material costs or technician labor versus what we commented on in Q1.

David Lantz
Analyst, Wells Fargo Securities LLC
Q

Got it. That's helpful. And then, considering that you're down 1.8% comp this quarter, can you break out ticket and traffic, and how that looks on a quarter-to-date basis as well?

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.
A

Absolutely. Traffic was down mid-single digits. And the ticket was up a few points causing the delta to be down 1.8% on a net basis.

David Lantz
Analyst, Wells Fargo Securities LLC
Q

Thank you.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.
A

You're welcome.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.
A

Thank you.

Operator: Your next question comes from the line of Bret Jordan with Jefferies. Your line is open. Please go ahead.

Bret Jordan
Analyst, Jefferies LLC
Q

Hey. Good morning, guys. Could we....

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.
A

Hi, Bret.

Copyright © 2001-2026 FactSet CallStreet, LLC

Bret Jordan
Analyst, Jefferies LLC

Q

...talk about the – hey. Good morning. Could we talk about the financing package? I guess, the new partnership. What is fees versus rates? What is the policy around dividend payment? And then, I guess, some detail as far as how the supply chain financing program is being sort of unwound. I guess, what's the balance sheet impact?

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

Yeah. Absolutely. So, I'll start out by saying that we have filed our 10-Q this morning. The 10-Q includes incremental disclosures versus what we commented on the call today and in the earnings release. It also includes the full credit agreement. So, there's plenty of information about the specifics as it relates to covenants; affirmative, negative financial, as well as requirements for dividends.

What I will say is that our previous credit facility had a maturity date of November 10 and was set to go current in November 10 of this year. It was maturing in November 10 of 2027. We had always planned to refinance the credit facility in advance of that going current. And we had a number of financing alternatives with multiple lenders, and we chose the path that we announced today. So, we believe the new four-year credit facility provides stable financing and appropriate flexibility for us to execute our business plan with a sophisticated tailored private lender that has experience in the auto aftermarket.

As it relates to the refinancing, we did pay down approximately $153 million of our obligations under our supply chain finance program. And as we said, we're not going to accept any new supplier obligations into this program after December 31 of this year. So, substantially, paid down the program, and there's a little bit of a tail still left to unwind. Because of the higher rates and the higher fees, we talked about the impact on debt, interest costs in FY 2027 being, now, we expect interest to be between $28 million and $32 million for fiscal 2027.

As it relates to dividends, I'll make some higher-level comments there. Again, the specifics are in the credit facility and more disclosed in the 10-Q. The new credit agreement gives us flexibility to pay our normal dividends in December this year, obviously. And as always, the board will consider that, as they always do on a quarterly basis before deciding whether or whether to not pay a dividend this December.

And then, also the credit agreement allows us to pay normal quarterly dividend beyond this December, subject to achieving certain financial metrics. Again, if we achieve those financial metrics, then the board will evaluate that on a quarterly basis.

Bret Jordan
Analyst, Jefferies LLC

Q

Okay. Great. So, as far as working capital goes, you're not going to be running any payables program on inventory anymore? So, you're essentially going to be – accounts payables inventory will be something closer to 30% than 200%?

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

Yeah, we'll have a much more traditional working capital position and current ratio as it relates to current assets and current liabilities.

Copyright © 2001-2026 FactSet CallStreet, LLC

Bret Jordan
Analyst, Jefferies LLC

Q

Okay. Great. Thank you. Appreciate it.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

Welcome.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

Sure.

Operator: Your next question comes from the line of John Healy with Northcoast Research. Your line is open. Please go ahead.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Thanks for taking the question. Wanted of focus on slide 9 a little bit, the adjustments to operating income. I see the consultants expense came down pretty substantially year-over-year. And I was wondering if you could kind of walk us through how that dynamic works in terms of thinking about that contribution tailwind/headwind in future periods. And then, secondly, just on the special review, were there any sort of costs that were also kind of in that, need to be adjusted out, or that you get quantify for us that's been kind of ongoing in the P&L? Thanks.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

Maybe I can start with the question about consulting costs. As you know, AlixPartners was very helpful to us, particularly in the earlier days of our turnaround efforts. And as time has passed, I feel very confident that we have all the right resources at the company to drive improved performance. And we have used third-party consultants a little bit for strategic advice. But the objective was to have qualified third-party experts help us put together our action plan, which we've talked to again today.

And I would say, for the past 9 to 12 months, the management team has done an excellent job in executing against the things that we, as a management team, designed with a little bit of outside support.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

And then, just as it relates to the strategic alternatives review, any costs or incremental costs associated with that or with our third-party legal advisors or financial advisors will show up in the costs related to shareholder matters line on that schedule.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Great. And then, just another clarification question. I think you guys talked about getting out of 15 leases, selling 7 locations, with proceeds of about $6 million. I assume the proceeds are only from the seven locations. There

Copyright © 2001-2026 FactSet CallStreet, LLC

wouldn't be any sort of proceeds out of the lease exits. I just wanted to make sure the seven locations sold paired right with the $6 million proceeds.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

No, we do receive lease assignment fees, to the extent that we may have an attractive lease with enough term on it, so that would be attractive to another party to step into that lease. And for the benefit of them taking that lease on at the terms with the landlord, we could receive lease assignment fees associated with that. That would be included inside that $6 million number.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Got it. Thank you, guys.

Brian J. D'Ambrosia
Executive Vice President and Chief Financial Officer, Monro, Inc.

A

You're welcome.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

A

You're welcome.

Operator: We have reached the end of the Q&A session. I will now turn the call back to Monro's President and CEO, Peter Fitzsimmons, for closing remarks.

Peter D. Fitzsimmons
President, Chief Executive Officer & Director, Monro, Inc.

Thanks again, everyone, for joining us today. We're pleased with the progress Monro has made, and we're optimistic about the opportunities in front of us. I remain confident that the company is well-positioned to capitalize on the operating improvements we've put in place. And I look forward to keeping you updated on our progress in the quarters to come. Have a great day.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.

Copyright © 2001-2026 FactSet CallStreet, LLC

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

Copyright © 2001-2026 FactSet CallStreet, LLC